

STRATEGY RESEARCH PROJECT

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PEOPLES REPUBLIC OF CHINA: U.S. TRADE PARTNER OR THREAT TO OUR NATIONAL INTERESTS

BY

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ABSTRACT

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We are at a crossroads in our relations with China. The United States (U.S.) national security interests are in jeopardy in Southeast Asia (SEA). Relations are currently at a new low since we recognized China in the early 1970's. They could worsen in the future as China appears to be reestablishing its historical position of regional power and influence. How does China's perceived new role impact U.S. interests? What is our national security strategy for dealing with the new China? China presents us with many complex concerns: China's rapidly expanding economy, its lack of a leadership succession process, a renewed military modernization effort, proliferation of nuclear technology and materials, and an apparent desire for regional hegemony driven by resurgent nationalism. The U.S. has produced a comprehensive and well developed, but poorly executed strategy for securing U.S. interests in the SEA region. We can further our nations interests with better implementation of our strategy which focuses on engagement. Thus, we must strongly encourage dialogue with our adversaries, clearly articulating our mutual interests. The U.S. must aggressively engage China to ensure our national interests are preserved.

If the American presence in Asia were removed, the security of Asia would be imperiled, with consequences for Asia and America alike. Our ability to affect the course of events would be constrained, our markets and our interests would be jeopardized. To benefit from the growth and prosperity of the Asia-Pacific region, the United States must remain fully engaged in Asia in all dimensions: economically, diplomatically, and militarily.¹

INTRODUCTION

We are at a crossroads in our relations with China. The United States (U.S.) national security interests are in jeopardy; the security of Asian nations--particularly in Southeast Asia (SEA)--is at stake. The current political and diplomatic brinkmanship will determine the path we take--that of prosperity or of another tortuous Cold War period. Unfortunately, we seem to be entering a period of protracted confrontation and tension. Our "peace dividend" spent, our military grossly downsized, and our regional influence on the decline, we may have lost the ability to maintain regional leadership. Tensions between the U.S. and China (PRC) heightened in 1989 with the Tienanmen Square incident, and in 1994 a resurgence in Taiwanese nationalism and independence rhetoric further complicated the relationship. The March 1996 democratic elections in Taiwan sparked a threatening reaction from the PRC which compelled the U.S. to send two carrier battle groups into the area to maintain stability. Relations are currently at a new low since we recognized China in the early 1970's. They could worsen in the future as China appears to be reestablishing its historical position of regional power and influence. How does China's perceived new role impact U.S. interests? What is our national security strategy for dealing with the new China? This paper hopes to address these questions.

FRAMEWORK FOR DISCUSSION: A Strategic Look

This study focuses on our national security and regional interests in SEA--the region

where China's actions have the greatest impact as we confront Chinese initiatives. This paper reviews trends in our relations with China and looks at the troubling implications of U.S. economic, political, and military policies. It presents a controversial and pessimistic hypothesis, provides a strategic analysis, and concludes with recommendations for modifications to our security strategy to facilitate a more stable, U.S.-friendly region 10-20 years hence.

U.S. NATIONAL SECURITY and SOUTHEAST ASIAN REGIONAL STRATEGY

The U.S. national security strategy of "engagement and enlargement" recognizes the end of the Cold War and purposely departs from the "successful" policy of containment as applied to the former Soviet Union.² The central goals of this new strategy are:

- ▶ to *sustain* our security with military forces that are ready to fight;
- ▶ to *bolster* America's economic revitalization;
- ▶ and to *promote* democracy abroad.

The overarching purpose of this strategy, like past U.S. strategies, is designed to protect "our nation's security--our people, our territory, and our way of life."³ The U.S. has spent its "troops and treasure" fulfilling the pledge of security to the Asia-Pacific region.⁴ More than any other nation, we have expanded our trade and defense partnerships throughout the world and the South East Asian region to the point that we are inextricably linked. This linkage requires the U.S. remain engaged in Asia, committed to peace and to strengthening alliances and friendships.⁵ It is dedicated to maintaining regional stability, to enhancing democratic values, and to opening free-trade markets to promote equitable economic opportunities. The preeminent Pacific power since World War II; the U.S.'s stabilizing influence has fostered great economic prosperity in a culturally, ethnically, and religiously diverse region.

While currently at peace, SEA is not without its problems, which include military force modernization and weapons acquisition, trade issues, ethnic tensions, and historic territorial disputes. Given these problems, our national security strategy must focus on deterring regional aggression and on maintaining a fragile stability in order to encourage democratic development, concern for human rights, and improved relations through dialogue. U.S. presence is valued by South East Asian nations as a stabilizing force and counterbalance to China and Japan. As a result, the most critical U.S. national security strategy objectives are:

- ▶ to strengthen our bilateral relationship with Japan to promote regional stability;
- ▶ to maintain our strong defense commitment to the Republic of Korea;
- ▶ to engage China and support its constructive integration into the international community, including participation in global efforts to limit the proliferation of weapons of mass destruction and foster transparency in its defense policy and military activities;
- ▶ to fully implement the "Agreed Framework" on North Korea's nuclear program;
- ▶ to work with Russia to develop mutually advantageous enhancements to stability;
- ▶ to contribute to maintaining peace in the Taiwan Straits;
- ▶ to work with the Association of Southeast Asian Nations (ASEAN) and others to explore new "cooperative security" approaches through the ASEAN Regional Forum;
- ▶ to encourage efforts to strengthen democracy, and;
- ▶ to prevent the proliferation of weapons of mass destruction.⁶

Our regional interests are broad but they are critically important. They must be achieved through a judicious application of all instruments of power. Diplomatic dialogue is essential but military presence is critical in order to secure the sea lanes for safe transit of

Middle East oil, to deter regional armed conflict, and to promote regional cooperation. It also denies to any potential rival power political or economic control of the Asia-Pacific region, and it assures U.S. access to the vast resources, wealth, and advanced technology of that region. The U.S. presence and defense umbrella also foster economic growth in developing countries and expands markets for U.S. exports. By working to preserve peace, U.S. expenditures and defense presence deter conflicts whose costs would be far greater than the cost of U.S. presence.⁷ "We are not the world's policeman, but as the world's premier economic and military power, and with the strength of our democratic values, the U.S. is indispensable to the forging of stable political relations and open trade."⁸

HYPOTHESIS

Our vital interests in the region are presented very succinctly in the President's National Security Strategy and reiterated in the U.S. Security Strategy for the East Asia-Pacific Region reports:

- ▶ survival of the U.S. as a free and independent nation, with its fundamental values intact and its institutions and people secure;
- ▶ a healthy and growing U.S. economy to ensure opportunity for individual prosperity and a resource base for national endeavors at home and abroad;
- ▶ a stable and secure world, where political and economic freedom, human rights, and democratic institutions flourish; and
- ▶ a system of healthy, cooperative and politically vigorous relations with allies and friendly nations.^{9, 10}

In SEA, China is the primary threat to these interests. If trends continue, the PRC will

overshadow U.S. interests in SEA in the next two decades and the U.S. will not be prepared to meet this challenge. The U.S. will be slowly edged out of the region as protectionist and isolationist pressures dominate at home, China's influence and subtle maneuvering expands, and as U.S. presence is no longer viewed as a necessary counterbalance by SEA nations who formerly welcomed U.S. presence. This gloomy hypothesis does not ignore other issues and interests in the region; but it attempts to warn of disturbing trends at the strategic level. This paper also does not address the many problems confronting Chinese leadership and population: crop shortages, unemployment, distribution of resources, human rights abuses, population migration, and limited individual rights. This paper focuses on power and power projection, which are unlikely to be significantly affected by these factors, short of a major social upheaval in China.

The drama of Tienanmen Square notwithstanding, China presents us with many complex concerns: China's rapidly expanding economy, its lack of a leadership succession process, a renewed military modernization effort spurred on by the U.S. Gulf War success, proliferation of nuclear technology and materials, and an apparent desire for regional hegemony driven by resurgent nationalism. U.S. policy towards China has changed with each administration since President Nixon opened the China door in the early seventies. Since that time, our policy has run the gamut from engagement to post-Tienanmen sanctions and back again. Today's policy is one of an uncertain engagement, confused by calls for a tougher stance on China, even pleas to "contain" China. According to our current policy, we are obliged to "engage" an adversary who openly challenges the U.S. formulated "new world order."

WORLD ORDER

The Chinese perceive the long-standing U.S. involvement and influence in Asia to be hegemonic, patterned after British, French, Dutch, and Spanish colonialism. Admittedly, our world order view differs from that of the Chinese. The end of the Cold War, signalled by the dissolution of the Soviet Union, has quickly and significantly impacted world order. This dissolution has triggered probably the most significant transformation of relationships and strategies of any single event since World War II. Following the Gulf War, President George Bush described "a new world order devoted to the peaceful settlement of disputes, states united against aggression, controlled conventional and nuclear arsenals, and the just treatment of peoples."¹¹ Noble and idealistic; yet progress towards these ideals appears to be constrained by tension, nationalist interests, and long memories. Two Asian countries could quickly disrupt this dream of world order. Some observers believe that North Korea is imploding at a slow rate and will not endure as a viable regional threat, but will in fact become a poor, parasitic nation. Others believe that even if such predictions are valid, a last minute irrational act by an irrational actor could prove devastating to the United States and the region. China, on the other hand, is a rapidly growing economic and military power. As we have struggled to define the new order, we have met with much speculation and uncertainty regarding China's intentions. Some welcome China as an economic trading partner; others fear China as a rapidly emerging powerhouse threatening regional stability. In any case, China appears to be posturing for recognition and respect. Its unsubstantiated declarations of sovereignty and forays in the South China Sea, its harassing missile shots across the Straits of Taiwan, and its blatant arms sales to religious extremist nations are

actions that challenge the world order as envisioned by the U.S. China clearly seeks international recognition as a great power with commensurate influence and ability to assert its will, even if this creates a regional imbalance.

LEADER SUCCESSION

The successor to Premier Deng Xiao-Ping will probably be one of the most important factors in determining the political and social direction that China will take. Chinese political history reveals that political transitions can be emotional and traumatic, often radically altering Chinese policy and government. Since China has no discernable defined structure for succession, uncertainty prevails, heightened by the government's lack of constitutional legitimacy.

The upcoming transition may be atypically smooth, but is more likely to follow the historical pattern as political rivals vie for support from various power centers. Some suggest that as long as Deng, last seen November 1992, lives, no meaningful shift in policy will occur. Jiang Zemin currently seems to be the heir apparent, but it not clear how he will lead the country. Nor is it clear just how much respect he commands from the power centers. As with the death of Mao Tse-Tung, the transition could trigger a struggle between the Chinese People's Liberation Army (PLA) and the National People's Congress. Some question the unity between the Congress and the loyalty of the military since the Tienanmen incident, and speculate whether the Republic can survive the transition struggle.¹² Regardless of how the succession issue plays out, some argue a disruption in leadership will rip the national fabric beyond repair. They speculate that the Chinese have had a taste of economic freedom, which the citizens of distant provinces have enjoyed as regional economic forces have increasingly

ignored centralized policy directives.

"Those jockeying for power in China know that legitimacy requires both stability and a renewed motivating momentum. This is why Beijing must harness the potentially legitimizing but sometimes volatile forces of nationalism and ideology."¹³ Many believe that nationalism has replaced communist ideology as the primary political force in China. Acknowledging the strength of nationalism, one China-watcher questions the lack of U.S. interest in the post-Deng transition.¹⁴ He suggests that U.S. policy makers are "blandly optimistic" about the future of China simply because we lack an in-depth understanding of the underlying problems which pervade the nation. "We assume that China must move in the right direction, because to assume otherwise would force us to call into question every other aspect of our military and economic strategy. This optimistic assumption in turn informs our thinking about the whole range of China-related issues"¹⁵ Perhaps China isn't commanding our interest because it is not yet a direct and viable military threat to the U.S.. Perhaps we actually see the collapse of China as in our best interest. Regardless why, I would offer that we ignore the Chinese leadership transition and almost certain subsequent political, economic, and military turmoil to our detriment.

ECONOMIC EXPANSIONISM

Economic growth within the entire Asian-Pacific region has been attributed to "two principal factors: prudent market-oriented and trade-based economic policies on the part of individual countries; and a secure regional environment of international order created by decades of U.S. engagement in Asia."¹⁶ China is rapidly emerging as a world economic power and, if current trends continue, will lead the world in economic production early in the

next century. According to the 1995 World Bank Atlas, China currently ranks third globally, with 8.3% of the Gross World Product, just behind Japan (8.8%) and the U.S., which leads with 21.3%.¹⁷ Traditionally an agrarian-based economy, China is maintaining a solid 10% annual growth rate in Gross Domestic Product (GDP) and rapidly building respectable light and heavy industries. The coastal and southern regions in particular, notably those adjacent to Hong Kong, have exploded with economic growth.

"In terms of long-run U.S. interests, the potential impact of current trade disputes dwarfs the disputes over the Spratly Islands, Taiwan, and even human rights. China is emerging as an economic giant--a giant whose trade practices could have a profound impact upon the world economy for decades to come."¹⁸ From 1991 to 1994, China's real GDP grew by 13.0, 13.4, 11.4, and 9.4%. It was projected to grow 9.4% in 1995. By contrast, the U.S. expects less than 3.0% growth. Inflation in China for the same years was: 8.6, 19.6, 25.0, and 12.0 %, while U.S. inflation remained under 3.0 percent.¹⁹ Our 1995 trade deficit with China totaled \$33.9 billion--certain to increase in the future. Management of China's increasingly complex economy is extremely difficult in the absence of international standards and methods. Centralized management makes the task even more difficult. The results are frustration and hardship for the Chinese people and negative economic impact on investors and foreign businesses. For example, in 1990, in spite of China's overall economic strength, 119 of its counties reported a per capita income of less than \$43; one-fifth of China's peasants were without electricity; and one-tenth were not served by public roads.²⁰ Nevertheless, China has a solid economic base from which to modernize its armed forces and to gradually launch its influence into the region. It is in our best interest to assist the Chinese in

stabilizing economic growth and inflation, to establish a viable, free-market economy, and to head off an out-of-control, misguided economic expansion.

TRADE DISPUTES

China is making unprecedented economic progress while ensuring future gains by negotiating favorable trade agreements with its largest trading partners. China has secured Most Favored Nation status with the U.S. and has negotiated mutually beneficial bilateral agreements with many of the Southeast Asian economies. In addition, China is actively seeking membership in the World Trade Organization, expected in 1996, which will open many trade doors for further expansion.²¹ While the U.S. is assisting China with entry into the WTO, the U.S. is insisting that China first meet all entrance criteria. China, on the other hand, is asking that the criteria be relaxed to hasten its access to world trade. Yet China is known for "dumping" on the open market in order to maintain a positive trade balance. It also protects its own markets with high import tariffs. According to Greg Mastel, a vice president at the Economic Strategy Institute, China maintains "All of the traditional forms of trade barriers--tariffs, quotas, import bans, import license, and standard and testing barriers." Although China agreed in 1991 to end many of these practices, it has not yet made good on its pledge.²² Not only is China still the leader in protectionist trade practices, it is also the leader in pirating U.S. computer software, books, and music.²³ Mr Gregg Mastel, a China scholar at the Economic Strategy Institute, believes that: "It is clear that the Chinese are testing our credibility on intellectual property. They don't want to crack down on this gravy train, but they will do it if they fear it threatens their lifeline: exports."²⁴

TECHNOLOGY TRANSFER AND PROLIFERATION

China and the former Soviet Union had to acquire technology from the free market capitalist system, but unlike the Soviet Union, pre-1970s China did not cultivate a strong technologically capable population. Now that the U.S. has greatly relaxed its laws governing the export of key U.S. technologies, the Chinese do not ink contracts without first considering technology disclosure and licensing. "Our emphasis is on high tech," says Yuan Junwei, an international official who has signed technical cooperation agreements with such firms as Motorola, Ericsson, Rockwell International, and other leading western companies.(,) U.S. companies, aided by the U.S. government, are providing the capitalization to fund and engineer a slow but steadily increasing force modernization. This modernization requires a huge transfer of technology, capital, and education--which western nations are stumbling over themselves to provide. This transfer will eventually challenge U.S. economic influence while expanding Chinese nationalism. Entry to the WTO may be the only trump card we retain in this high-stakes game.

This quest for technology, however is not limited to circuit boards or milling machines. China's crown jewel of defense is its rapidly improving nuclear arsenal. Not only is it improving delivery systems, but it is also developing multiple re-entry vehicles. U.S. intelligence experts suggest that Russian and Ukrainian governments are providing China with this huge leap forward in technology.²⁵ Most distressing, however, is some evidence that China is providing nuclear weapons technology to Pakistan. This violates the Non-Proliferation Treaty (NPT). Further, it has an enormously destabilizing effect on South Asia. U.S. economic sanctions, mandatory for violators of the NPT, would also gravely impact

American business--estimated to be \$10 billion in loan guarantees to U.S. companies.²⁶ The significance of this impact could conceivably pressure U.S. investigators to downplay the extent of Chinese violations.

FORCE MODERNIZATION

"Among the many uncertainties of the Asian security environment, none is more compelling than that surrounding the modernization of the Chinese People's Liberation Army (PLA). *For some observers, the combination of economic growth and force improvement signals Beijing's intention to establish regional hegemony.*"²⁷(Emphasis added)

After decades of expenditures on a bloated and technologically deficient continental force, China awoke to the realization that force modernization was essential if China was to become a voice of authority in the world and a counterbalance to the U.S.. Although this realization emerged in the early 1980's, it wasn't until the overwhelming U.S. success during the Gulf war that China took notice of the impact that fused technology could have on the battlefield: "The Gulf War convinced Chinese military strategists that the war of the future is most likely to be localized, fought to achieve limited political objectives, and won by whichever side is better able to concentrate high technology force at some distance from the national borders in a decisive strike."²⁸ Since 1991, the Chinese have orchestrated a comprehensive effort to obtain technology to provide the engineering capabilities it needs to build a credible military force--a force that can influence and achieve its political objectives.

Two points are indisputable: China seeks to become a world superpower on its own terms; both its military and strong economy will play important roles in achieving superpower status. Therefore, it is imperative that China maintain regional stability while it gains strength

and slowly develops its role.

Larry M. Wortzel, a U.S. Army China specialist, builds a compelling case that China has made the switch from a continental power to becoming a maritime power. This shift in strategy provides China the ability to "project itself to protect trade routes, lines of communication, and interests in a multidimensional sense."²⁹ He cites the expansion of both the Chinese Navy and Air Forces through the purchase of sophisticated weapons systems by means of improved funding. The Chinese Navy was the world's third largest in 1982. It remains so, but with greatly improved capabilities. China has a sophisticated surface-to-air and surface-to-surface missile force; its navy boasts a single nuclear powered submarine with ICBM launch capability. One major deficiency in China's naval projection is its lack of a adequate underway replenishment capability.³⁰ This currently severely limits China's ability to sustain power projection. In addition, Chinese sailors have little education and thus cannot easily operate new high technology systems.

China also lacks the ability to project naval airpower. It is in the process of purchasing an aircraft carrier from Russia, but some believe that it could take as much as three years after delivery before China could employ it in a power projection mode. While no match for the U.S., China could certainly outgun its close neighbors. Japan, Russia, and India all possess more capable navies, yet, neither Japan nor India can "defeat" China. But we should be concerned about China's growing economic strength and its future ability to fund large weapons systems purchases while India's and Russia's corresponding capabilities decline. China has time to maneuver and there is no shortage of weapons for sale.

And while China is not yet competitive with Japan, Russia, or India, it has "more

surface combatants, submarines, and amphibious ships than all of the ASEAN countries combined."³¹ Thus, there are no SEA nations which can match or defeat this capability, though some, through high tech weapons purchases, could mount a credible threat.³²

The Chinese Air Force has not maintained the same level of progress as the navy. China has recently purchased SU-27s from Russia and has orders for more, but the majority of its 4,000 fighter fleet is old and obsolete. Attempts to design and manufacture its own high performance aircraft have met with limited success due to restricted engineering abilities and an immature basic research and development capability to generate new competitive technologies. The most numerous Chinese bomber is the B-6, a Chinese version of the Russian Tu-16 Badger. The combat radius of the B-6 extends coverage over the South China Sea and, if Burma provides overflight, the Indian Ocean. A British firm is converting some B-6s into tanker platforms to permit aerial refueling of the A-5, China's standard attack aircraft.³³ This aerial refueling capability will dramatically extend the reach of the Chinese Air Force, and should be a matter of concern to the U.S. and regional nations.

In addition to equipment modernization, China has also conducted studies of the manner in which they will wage war. Since the mid-80's, China has formed *Fist* units: elite, highly trained forces constituting a 'Rapid Reaction Force' and providing a short-notice, rapid reaction capability to project influence and power. As many as 500,000 of China's 2.2 million man land army are now in the elite *Fist* units.³⁴ Ten large Russian IL-76 transport aircraft, have been added to the inventory to provide airlift for airborne units giving China a new strategic mobility capability. In addition, converted commercial aircraft provide large-scale troop mobility.

Even with these force modernization efforts, China lacks the capability to be a global military power. Nor does it desire this role. China needs only sufficient military strength to be the predominant regional leader and sufficient nuclear weapons to deter interference from powers like the U.S. and Russia. With the collapse of the Soviet Union and the reduction in U.S. forces, China could be victorious in a regional contingency if it could avoid or forestall great power intervention beyond ineffectual diplomatic protests.

Modern airpower, a blue-water navy, rapid reaction air-transportable forces, nuclear weapons, and arms manufacturing--China has recently acquired all of these military capabilities to some degree. The Chinese People's Liberation Army is "a force of slowly improving, but still limited capabilities."³⁵ Though limited, this force modernization has caught the attention of neighboring nations, causing them to launch their own military force modernization. Sensitive to this regional force buildup, the Chinese have expanded economic relations with many of the peninsular countries such as Burma, Thailand, Laos, and Cambodia. Neighbors and friends usually become trade partners and military allies. "China's neighbors are wary of Beijing but are probably more comfortable with a stronger China than they would be with an increase in strength by Japan."³⁶ Chinese ideology puts no premium on time and values the art of the "indirect approach," as exemplified by Sun Tzu's aphorism, "He who knows the art of the direct and indirect approach will be victorious. Such is the art of maneuvering."³⁷ Perhaps more appropriate is his advice to "Pretend inferiority and encourage [the enemy's] arrogance."³⁸

CREEPING CHINESE HEGEMONY

The Chinese publicly depict themselves as isolationists-claiming only an interest in

maintaining a buffer of states on their borders, much as did the Soviet Union in 1945. But, this same buffer-zone mentality caused the Soviets to seize control of border nations as a "defensive posture."³⁹ This becomes an alarming analogy: "China's goal is often not so much dominance or conquest but freedom of action and influence through coercive presence in its foreign relations."⁴⁰

As Secretary Perry recently remarked, the U.S. is concerned about several China issues: her nuclear weapons proliferation, the Taiwan issue, and human right violations. I would boldly add a fourth: an overt Chinese attack in the South China Sea area. Although China has already claimed sovereignty over the South China Sea area, all other Southeast Asian nations take great exception to this and continue to defend their claims in the region. The most intensely contended territories are the Paracel and Spratly Island groups, which have multiple claimants. China has positioned itself as a leader in the South China Sea area by seeking a peaceful solution to the complex South China Sea territorial issue. These diplomatic overtures should be viewed with caution, since they could actually further the Chinese ability to act militarily. Though China claims to want to negotiate, its professed goodwill demands favorable consideration to Chinese claims and buys time for China to develop a naval and air force projection capability.

China will not be a principal threat to the region until it is sufficiently able to dominate its neighbors without U.S. or Japanese interference. "Why Red China Might Invade Taiwan" was one of the many recent headlines during the Taiwan Straits tension accompanying elections in Taiwan. Although there is sufficient worry that such an attack might take place, such a disturbing prospect is but a small part of the much more significant

China picture. China is rapidly becoming a regional power. Although the U.S. retains 100,000 military personnel in the Pacific, our failure in Viet Nam and our more recent withdrawal from the Philippines has created a void that China has felt obligated to fill. Larry Wortzel has noted that at least one Chinese source "attributed the changes in Asia to the reduction of U.S. forces in the region."⁴¹ China can patiently await U.S. "disengagement" from the region by not over-reacting to such passions as nationalistic feelings about Taiwan. Overt action against Taiwan may trigger U.S. involvement, but China can play on America's memory of Chinese involvement in the Korean War and the "Viet Nam syndrome. "

Concern exists over China's penetration into Burma and its assistance to upgrade the road infrastructure in Burma. Japan has questioned Beijing and Burma about arms sales to Burma and Chinese desires to access naval facilities in the Andaman Sea. Beijing responds that its main goal is "to keep a safe and stable environment for China's economic growth and reform, but the PLA will seem to have been charged with methodically building itself to be the strongest in the region." ⁴² Arms sales and access to the sea at Rangoon puts Burma and Burmese ports onto China's "sphere of influence." Such involvement could be viewed as "a challenge to New Delhi, leading to a regional arms race for naval supremacy. Because of the volume of commerce through the Indian Ocean, a conflict of this type would affect Japanese and South Asian, as well as Southeast Asian and American, interests."⁴³

CONCLUSIONS

If Chinese forces continue unchecked by the western world, we can expect the following outcomes: China will become a world power and an uncontested regional power; China will continue its development and increase its capability to deploy nuclear weapons; China will

seek to maintain national integrity, by force if necessary; and force modernization will accelerate, concentrating on power projection and sustainment.

China will seek to dominate the South China Sea area. When militarily able, it will take control of the Spratly Islands and exploit the newly acquired natural resources to fuel the growth of its economy and to improve Chinese standard of living. More threatening to U.S. interests, China will dominate the SEA peninsular region of Burma, Thailand, Laos, and Cambodia, thereby isolating Viet Nam; China will venture into the Indian Ocean and Andaman Sea; and China will export missile technology to service a market not supported by the West, thus destabilizing the Middle East and diverting U.S. attention from SEA. Unable to counter these advances, regional territorial disputes will be settled in favor of China as it gains influence and dominance and China will dissuade Korean unification in order to maintain the Korean buffer. China will not confront the U.S. military, but will continue to strongly challenge U.S. regional involvement

The U.S. must act in a manner which does not hasten the rapidly declining relations we currently have with the Chinese nation. China is going through an unprecedented reversal of political and domestic policy, causing tension and uncertainty for its citizens and leadership. China needs the support of the international community, especially the U.S., to come out of this transition capable of participating as a responsible and contributing nation-state. Yet Chinese comments like "Watch what we do, don't listen to what we say" reveal an arrogant attitude that will rapidly undermine the trust the U.S. is trying to develop in the Chinese leaders. Fervent nationalism and vehement claims of U.S. hegemony are impediments to peaceful coexistence. In an effort to help steer China in a direction we would endorse, the

United States must establish a comprehensive yet flexible strategy which serves the national interests of the U.S., while at the same time assists the Chinese through this extended period of uncertainty and transformation. "Our national security strategy reflects both American interests and our values. Our commitment to freedom, equality and human dignity continues to serve as a beacon of hope to peoples around the world."⁴⁴

RECOMMENDATIONS:

In order to achieve our regional objectives and support our interests, we must engage China intensively. Unless we do so, the U.S. may well be replaced in the region. Our decline there will spell the birth of a true multipolar world in which our influence will be limited primarily to North and South America. But, our engagement policy must be selective, focusing on our interests and those of our friends, optimizing our resources to achieve the most good.⁴⁵ Where we have historically been *Euro-centric*, our future interests reside in our becoming more *Asia-centric*. Economically tied to Europe because of our ancestry and culture, Americans have typically shied away from Asia because of cultural ignorance. The entire SEA region is critical to our future. We must evaluate the region in the context of our national security strategy objectives and understand how our SEA strategy complements and supports our national strategy. We must remain engaged in world activities, conflicts, and injustices, for we "can find no security for America in isolationism nor prosperity in protectionism."⁴⁶

China's deceptive trade practices have a direct and grossly negative impact on our national objective of "promoting prosperity at home." China should not be admitted into WTO unless it makes appropriate structural changes, monitored by WTO, and meets all WTO

standards. Entry must be conditional and probationary. Since the U.S. consumed approximately one-third of Chinese exports in 1993, we have the most to gain from China's observance of WTO guidelines. The recent threat of selective U.S. economic sanctions has sobered Chinese leaders, an indicator that the U.S. can use its trade leverage effectively.

The U.S. should re-engage militarily in the SEA region by increasing military-to-military contacts to include China; influencing and engaging ASEAN and APEC; increasing our naval and air force presence through exercises; and increasing our military presence by seeking new basing agreements with Viet Nam, and by returning to the Philippines; or we should seek expanded basing in Singapore, Malaysia, and Indonesia.

We must engage multinationally so that China does not single out the U.S. as the containment villain. A coalition of industrialized nations will provide credibility to our policies. Only then could we clearly specify unacceptable behavior which would trigger economic sanctions. Quiet, unified pressure, not political rhetoric, is the answer. The Chinese must believe certain behavior is unacceptable to all trade partners and neighbors.

In addition, we must pursue such multilateral approaches as persuading Australia to enlarge their participation and expand their regional influence; discouraging Russian high-technology arms sales to China; actively supporting all democracies in the region, such as Taiwan; aggressively engaging the world community to work with China to stop proliferation of weapons of mass destruction; impose sanctions if necessary, as required by law and engaging international non-governmental organizations to expose human rights violations; and refraining from linking human rights violations to trade and commerce issues.

We should encourage and assist ASEAN in legally settling the South China Sea

disputes. Because of its strategic location and its immense size, China can strike at the heart of American interests in South East Asia and can jeopardize our ability to freely trade and navigate in this important part of the world. If allowed to dominate the South China Sea area and to command trade and political decisions in the peninsular area, the Chinese could dramatically weaken the U.S. regional influence.

The U.S. must not establish policy in a vacuum: "The measure of a country also requires an ongoing assessment of its history and culture, its self-concept and identity, and, therefore, the likely proclivities and aspirations of its leaders and its people."⁴⁷

China is only in the infant stages of its transition to a market-based economy. With time and proper support, China will evolve beyond a centralized autocracy, perhaps even into a democratic nation. Mild coercion and constructive education through engagement can guide this once inward-looking nation in the right direction.

CLOSURE

The U.S. has produced a comprehensive and well developed, but poorly executed, strategy for securing U.S. interests in the SEA region. We can further our nation's interests with better implementation of our strategy which focuses on engagement. Enlargement of expanding democracies can only be successful by aggressively engaging other nations. Thus, we must strongly encourage dialogue with our adversaries, clearly articulating our mutual interests. Only in this way can we "protect our nation's security--our people, our territory, and our way of life."

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